Menu Search **Bloomberg Opinion** Settings

17 Metrics to Watch in the Biden Era

By Bloomberg Opinion

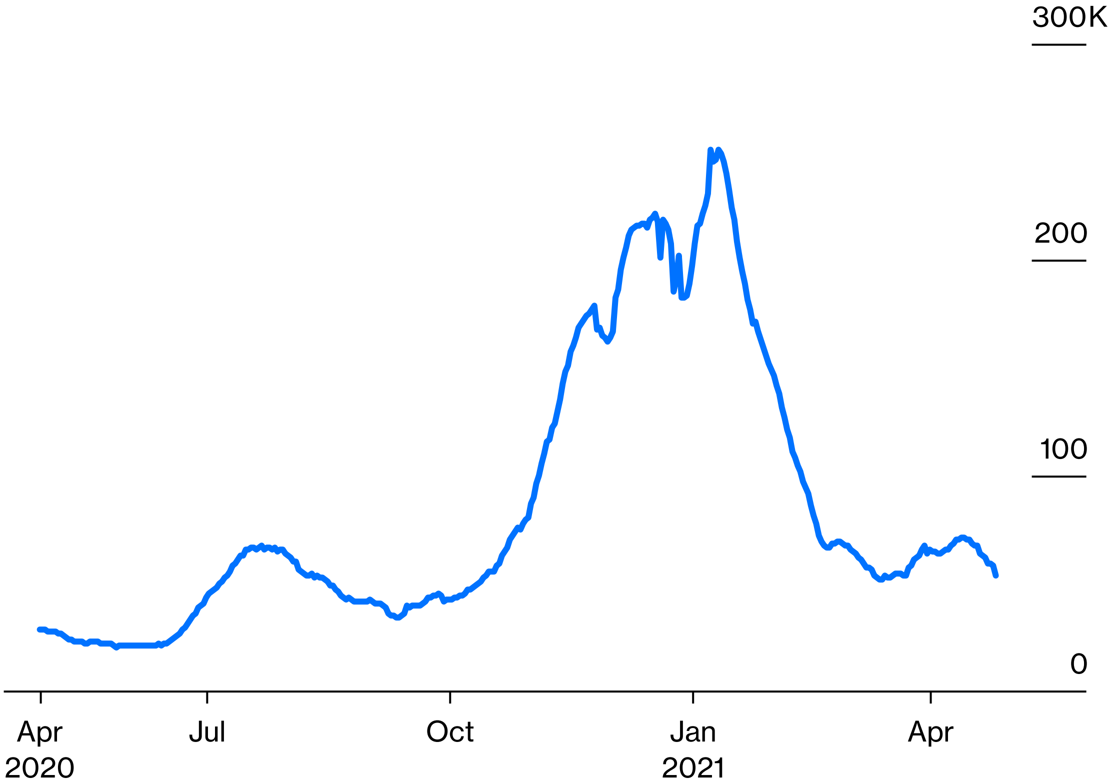
April 27, 2021

Andrew Harnik-Pool/Getty Images

Joe Biden took office pledging to “resolve the cascading crises of our era,” from the ongoing pandemic and its accompanying economic devastation to festering racial injustice and the existential threat posed by climate change. But even as his first 100 days have brought bold legislative proposals, they also laid bare the partisan divisions that make challenges like immigration reform more daunting. Here, Bloomberg Opinion columnists take the long view and offer metrics by which to judge the new president moving forward. We’ll track them in the coming months.

Confirmed Covid Cases and Deaths

Cases



Note: 7-day moving average.
Source: Bloomberg

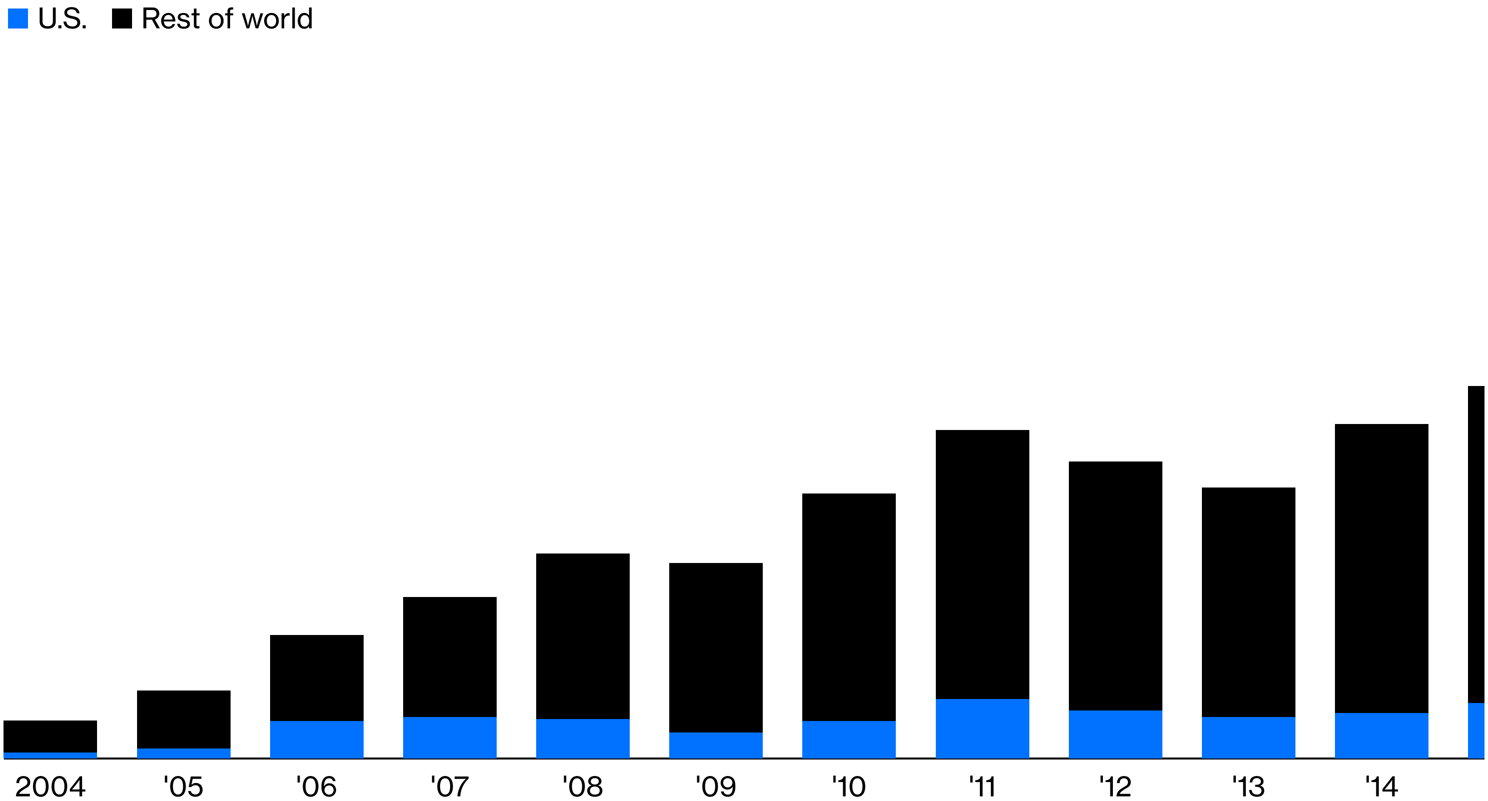
Biden's success in speeding up vaccination is incredibly valuable, providing long-term protection against Covid-19 infection while also likely reducing transmission of the virus. But vaccination isn't a goal unto itself. It's a way to reduce the virus's incidence and counter its worst consequences.

Biden must strike a delicate balance as the nation reopens, presiding over the resumption of economic and social activity, while still encouraging public health measures. And the target is moving: There's some evidence that vaccine demand is already stalling in places even as new Covid-19 strains emerge in others. Pandemic-weary Americans may prove unwilling to continue wearing masks, practice social distancing or take other steps needed to mitigate the virus's spread.

How well the president commands the immense resources at his disposal to manage the next phase of the virus will be measured in many ways. He will need to sustain vaccine leadership at home – and establish it abroad. At the same time, he will need to restore national morale and endurance. But the Covid-19 case and death rates, especially among high-risk groups and underserved communities, represent the bottom line of these efforts.

–Scott Duke Kominers

Investment in Low-Carbon Technologies



Source: BloombergNEF

PRESIDENT JOE BIDEN HAS CENTERED HIS CLIMATE PLAN ON ONE number: U.S. greenhouse-gas emissions in 2030. Meeting that pledge demands a complete overhaul of U.S. infrastructure. As with any capital project, investment comes first, results later. So the number to watch, at least initially, isn't tons of carbon dioxide but the amount of money targeting them.

Spending needs to be north of $2 trillion per year by the late 2020s if climate goals are to be met, according to the International Energy Agency. And if the U.S. wants to overtake China on cleantech, as Biden demands, less than $100 billion a year won't cut it.

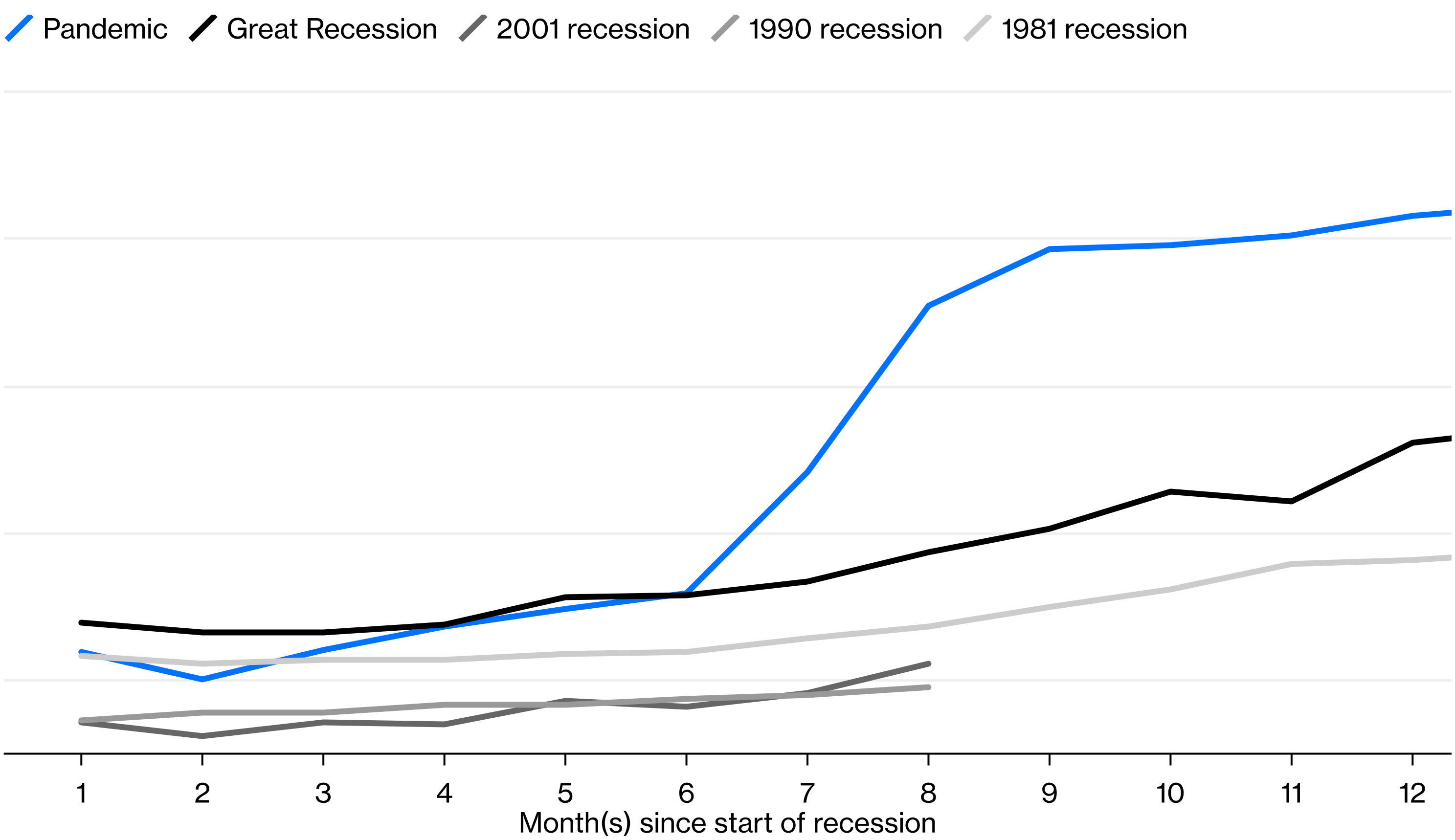
The bigger challenge may lie closer to home. Biden appears to be banking on generating enough momentum in transition spending that political efforts to thwart it become irrelevant. John Kerry, Biden's top climate diplomat, said as much in a recent interview with NPR, citing "masses of capital" targeting the transition and adding "no politician can come along and tell those banks, or those asset managers or those investors" to do otherwise.

So think of the emissions target as less an end-goal and more of a starter pistol. How private capital responds will determine how fast the race is run.

–Liam Denning

• • •

Long-Term Unemployment



Note: Data are number of unemployed for 27 weeks or more.
Source: Federal Reserve Bank of St. Louis

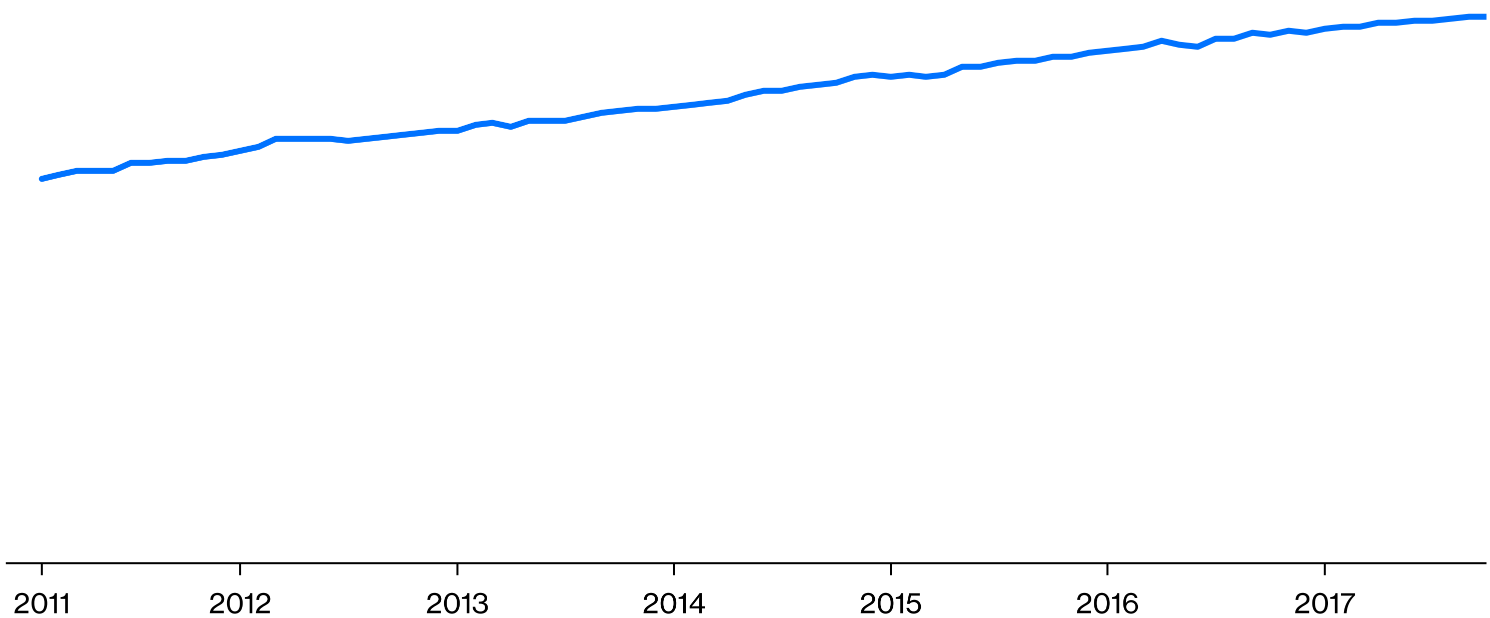
RETURNING THE NUMBER OF LONG-TERM UNEMPLOYED WORKERS TO its pre-pandemic level should be a top priority for the Biden administration. Workers who have been unemployed for six months or longer have a much harder time finding jobs. Their skills atrophy and their networks dry up. Employers become wary when they see longer work gaps on an applicant's resume, creating a vicious cycle of unemployment.

The toll of long-term joblessness is not just economic: Workers' physical health deteriorates as well. Their risk of suicide increases.

At its peak after the 2008 financial crisis and Great Recession, there were 6.8 million long-term unemployed workers in the U.S. On the eve of the pandemic and lockdowns, there were 1.1 million. That number has soared again, reaching 4.2 million last month.

–Michael R. Strain

Jobs in Michigan, Ohio, Pennsylvania, Wisconsin



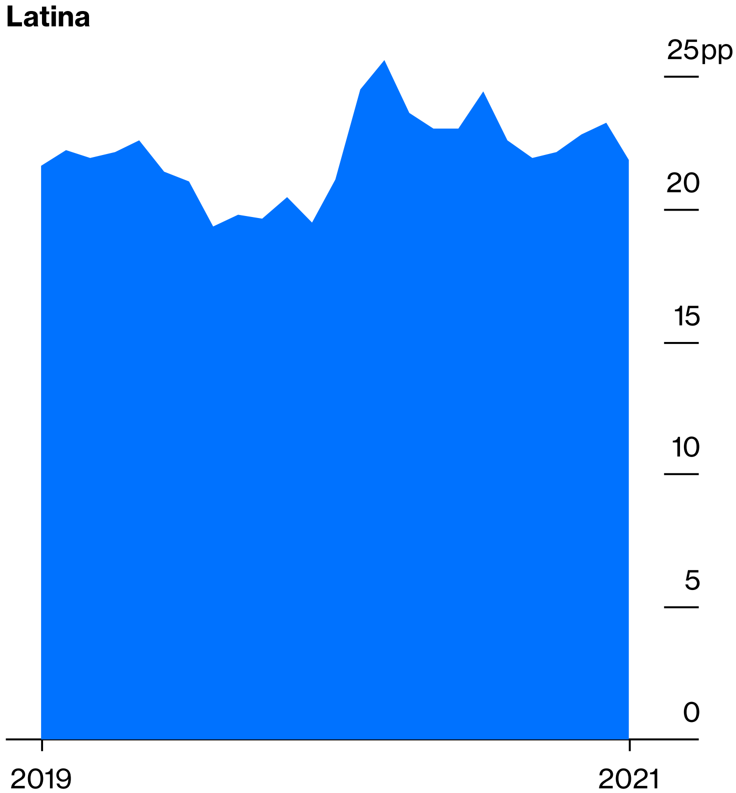
Note: Civilian employment.
Source: Federal Reserve Bank of St. Louis

A KEY LITMUS TEST IN THE COMING WHO-GOT-IT-RIGHT DEBATE OVER Biden's agenda versus Trump's agenda will be job growth in four Midwestern states that have been a focal point for those concerned with economic inequality: Michigan, Ohio, Pennsylvania and Wisconsin. It's the same measure I used for Trump four years ago. Writ large, the results will reveal the country's success in achieving widespread and inclusive prosperity in the 2020s – or whether the U.S. remains stuck in the old rut where the only winners in the modern economy are fast-growing metropolitan areas and cities full of knowledge workers.

More basically, employment data will verify if Biden's Build Back Better agenda will lead to employment for discouraged workers, particularly in states without the strong demographic growth of Texas and Arizona. Biden will have the help of a Federal Reserve that's become more committed than it was four years ago to achieving "maximum employment." To claim success, the region will need to recover all the jobs it lost in the pandemic while resuming its pre-Covid-19 trend of adding around 100,000 jobs a year. That would amount to 19.5 million jobs in 2024, up from 17.9 million as of February.

–Conor Sen

Employment Gap Between Women and White Men



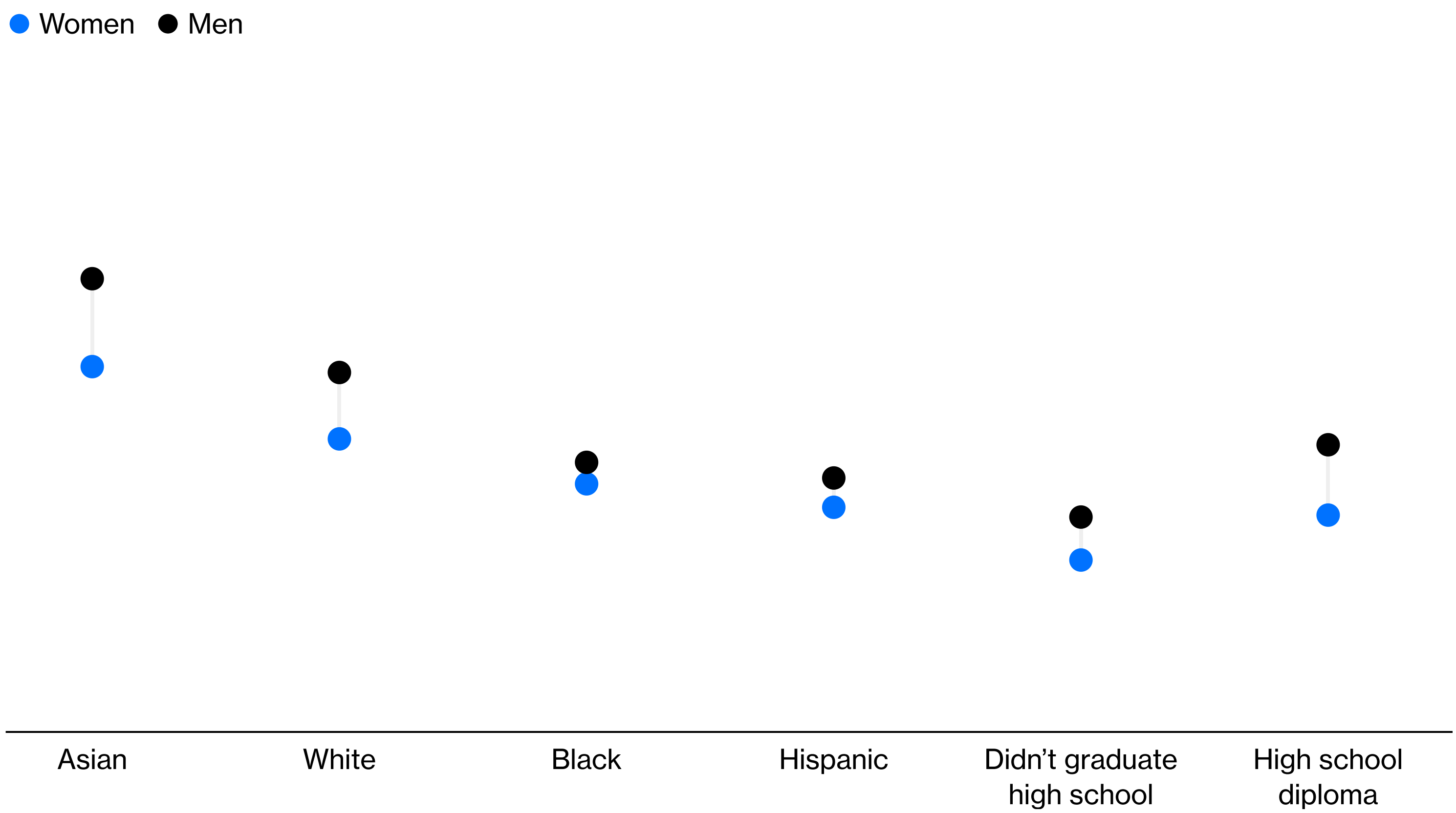
Note: Data are not seasonally adjusted and show percentage-point difference in employment-to-population ratios between women and White men in prime working years (ages 25 to 54).
Source: U.S. Bureau of Labor Statistics

WOMEN AND PEOPLE OF COLOR FACE DAUNTING OBSTACLES TO seeking, gaining and maintaining paid work. Consider, for example, the percentage of females in their prime working years (ages 25 to 54) who are employed, compared with White males. The gaps are large, from about 12 percentage points for White women all the way up to nearly 22 percentage points for Latinas. The Biden administration has made addressing such labor market inequities a priority.

As the chart shows, the gaps have widened during the pandemic, particularly for Latinas. Narrowing them will require ambitious efforts, including getting people vaccinated, opening schools, expanding affordable child care, improving family leave policies and combating discrimination in education, hiring and the workplace. If Biden makes progress, the gaps in employment-to-population ratios should narrow. The goal, of course, should be zero.

–Luisa Blanco

Gender Wage Gap



Note: Q1 2021 median weekly wages for full-time workers, not seasonally adjusted. By race is for workers 16 and older; by educational attainment is for workers 25 and older.
Source: U.S. Bureau of Labor Statistics

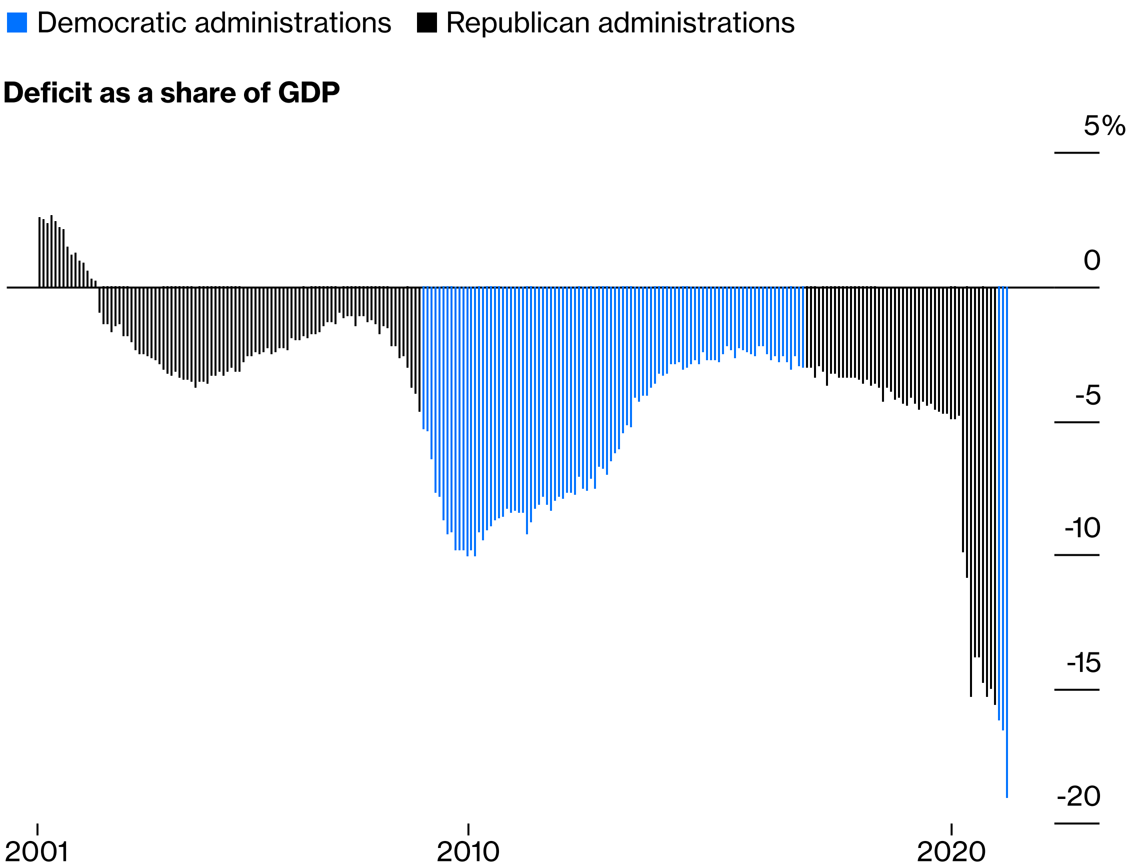
President Joe Biden has made dismantling systemic racism a goal of his administration, but he faces a daunting challenge: The government lacks the detailed data it needs to understand and address the problem. Federal agencies sometimes break down data by race, gender, family structure, income or education, but they rarely shed much light on how such characteristics interact. So the study of phenomena such as pay gaps is difficult: If, say, Hispanic women earn less, is this disparity driven by a lack of college degrees, heavy care burdens, or something else?

To move toward a more inclusive society, the federal government must produce data that identify the nuanced ways in which inequality is experienced – a goal that Biden’s executive order on advancing racial equity has pledged to achieve. The metrics to measure progress are simple: We should see more reports from federal agencies that disaggregate data by the characteristics most likely to influence outcomes, and we should see more policies built on such data.

–Rhonda Vonshay Sharpe

• • •

Deficit and Borrowing Cost



Source: Bloomberg

When he entered the White House in 2017, President Donald Trump said huge tax cuts and federal spending on military and infrastructure would bring so much growth that deficits, which would normally be exploding, would be insignificant.

Even though Trump never delivered on his pledge to invest in the repair of roads, bridges and tunnels, the U.S. budget deficit as a percentage of gross domestic product ballooned in the last three years of his presidency.

Under President Barack Obama, the deficit as a percentage of GDP had declined more than under any president over four decades, except during the terms of President Bill Clinton, who saw deficits transformed into surpluses in the 1990s.

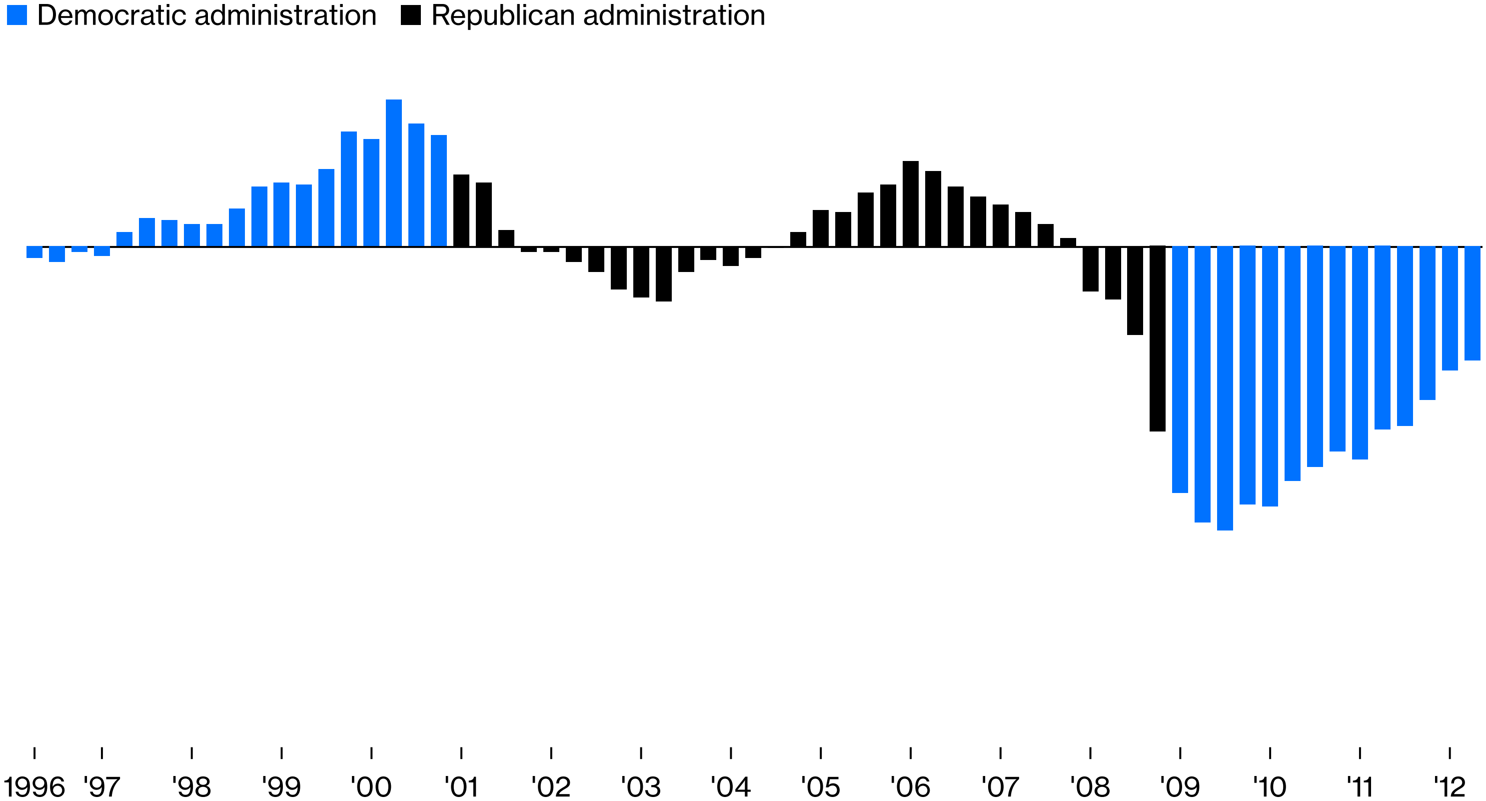
The deficit has already widened in President Joe Biden’s first 100 days with his $1.9 trillion coronavirus relief package. But Federal Reserve Chair Jerome Powell and his predecessor at the Fed, Treasury Secretary Janet Yellen, say the deficit isn’t a threat to U.S. prosperity right now, and will remain less of one if Biden wins approval for his American Jobs Plan, investing in the most troubled parts of the economy.

That’s because the average annual borrowing cost for the U.S. government has fallen to a record low, just above 0.5% during these first 100 days, according to data compiled by Bloomberg. That’s another way of saying it’s cheaper now more than ever to borrow and spend, which happens to be the basis of the Biden infrastructure plan.

If GDP continues to increase – perhaps more robustly with Biden’s investment in infrastructure – while interest rates remain relatively low in the years ahead, deficits will diminish as the measure of American health.

–Matthew A. Winkler

Nominal GDP Gap



Note: Data show the percentage difference between an average forecast and the actual level of nominal GDP.
Source: Mercatus Center

WHETHER MONEY IS LOOSE OR TIGHT IS THE CRUCIAL QUESTION FOR monetary policy. Luckily for the employment prospects of economic policymakers and commentators, it is a difficult one to answer. You could compare actual interest rates to the "neutral" rate that is neither expansionary nor contractionary. But determining the neutral rate replicates the underlying problem: It's not something you can see. The same problem intrudes if we instead compare the actual size of the economy to its "potential," another unobservable datum.

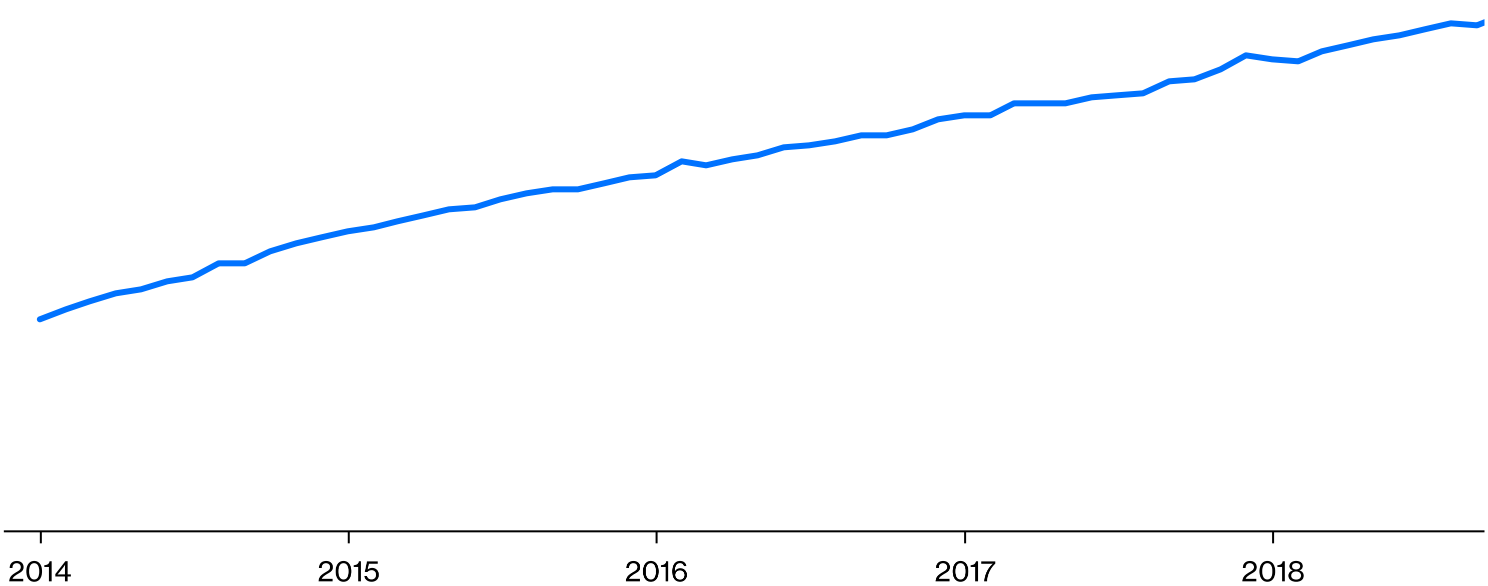
David Beckworth, the director of the Program on Monetary Policy at the Mercatus Center at George Mason University, has constructed a measure of the stance of monetary policy that does not require such guesswork. The theoretical assumption, which Beckworth ably defends, is that a neutral policy would stabilize the growth of spending throughout the economy – which is mostly household consumption, but includes other types of spending such as investment by firms. By doing that, a neutral policy would also stabilize expectations of future spending. An economy in which spending growth is accelerating, so that it exceeds previous expectations, is overheating. If spending growth is decelerating, and coming in below previous expectations, then money is tight.

When quarterly estimates of gross domestic product come out, Beckworth calculates the spending gap by comparing GDP to an average of professional forecasts over the previous five years (which are available to the public). As two Treasury Department economists recently concluded, this spending gap appears to give better information about the state of the economy than other statistics. Had it been available in previous years, it would have "caught" the overheating of 2004-2007 and the "mini-recession" of 2015-16.

Thanks to the pandemic, spending in the fourth quarter of 2020 was 4% below expectations. If it turns positive for the first time since 2007, the overheating of so many warnings will finally have arrived.

—Ramesh Ponnuru

Personal Consumption Expenditures

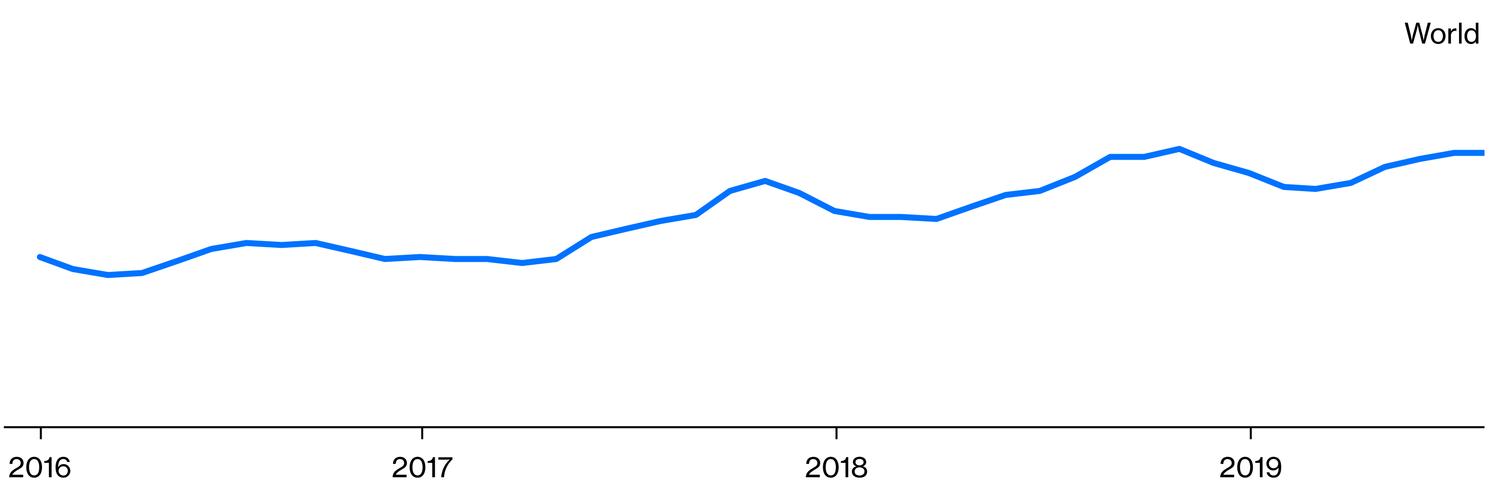


Note: Annualized monthly data, adjusted for inflation.
Source: Federal Reserve Bank of St. Louis

The pandemic hit American incomes hard, but generous government relief helped consumption to bounce back quickly. You can live without income; you can't live without consuming stuff. So "real personal consumption expenditures" are the measure of how well the U.S. has managed to support the material security of its people during this time of disaster and uncertainty. It's a monthly measure, which means it will give a more rapid snapshot of Biden's first 100 days than other measures that take many months or years to come out. And because lower-income people tend to consume more of their income than richer people, consumption numbers give a good snapshot of how the most vulnerable are faring. If consumption returns to its pre-pandemic trend in 2022, Biden's program should be regarded as a success.

–Noah Smith

Used-Car Prices



Note: Manheim U.S. Used Vehicle Value Index; 1995 = 100.
Source: Bloomberg

Look at used-car prices and rental-car availability. If secondhand cars are getting cheaper and rentals are easy to book, then the U.S. is making progress.

The supply of cars has been significantly constrained since the fall of 2019. The reasons include a strike at General Motors, pandemic-related manufacturing shutdowns and a shortage of semiconductors. One result is that it is very hard or very expensive to rent a car, especially in the more heavily touristed parts of the U.S. In turn, fewer cars from rental fleets make their way into used-car markets.

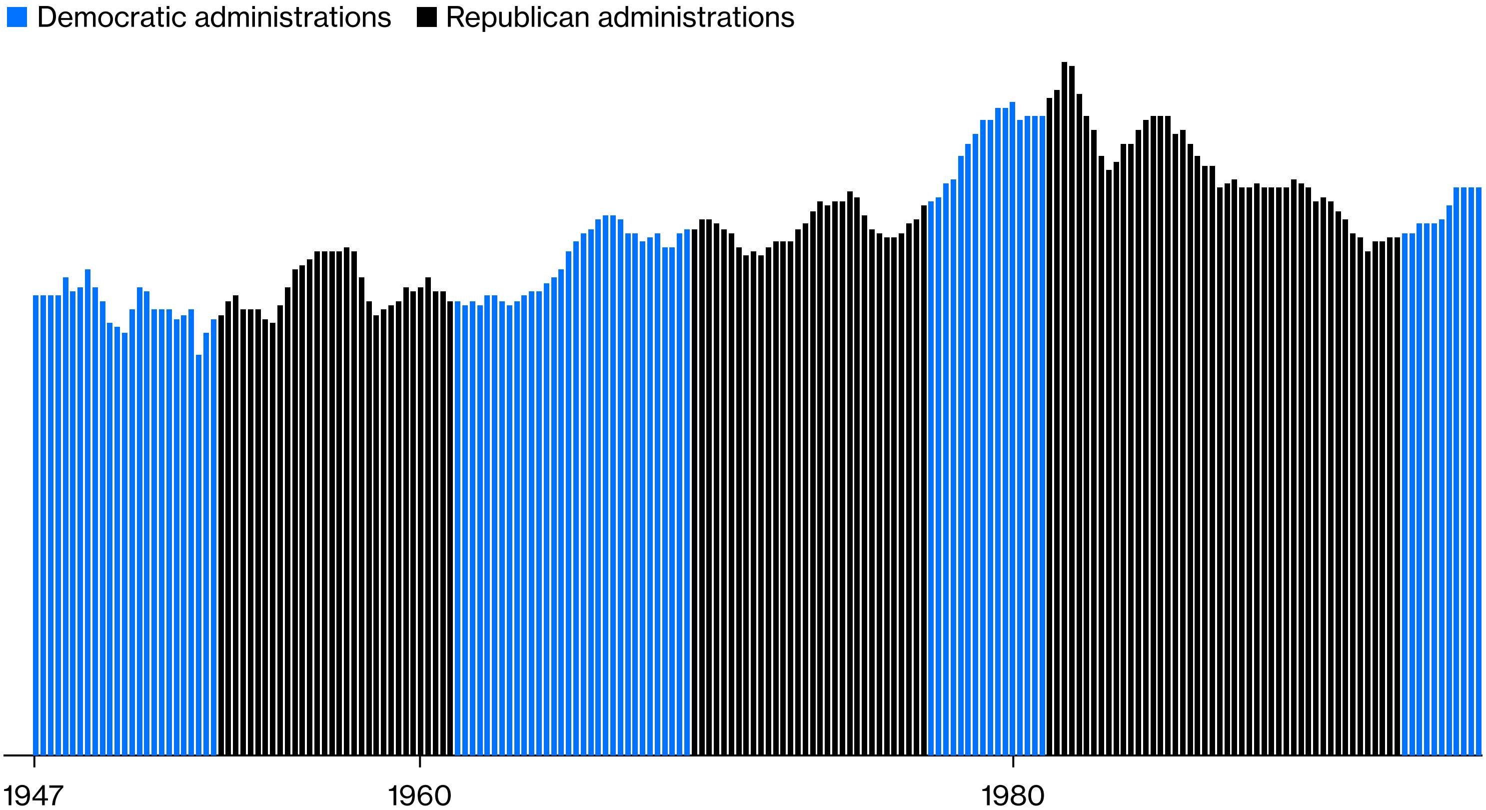
How do these used-car prices come back down? Will more families become one-car households, selling off autos at the higher prices and thus pulling additional supply into the market? Might companies divert supply flow from other countries to the U.S.? Can America use its existing stock more effectively, for instance by sending rental Hondas from Kansas to Florida?

In the short run, the problem appears hopeless. Yet market supply typically ends up being more responsive than observers expect; think of face masks.

The question is not just how all this will affect your summer vacation plans. It’s how much faith you should have in market economies. Will the U.S. get stuck in its supply-side problems or overcome them?

–Tyler Cowen

Capital Expenditure as a Share of GDP

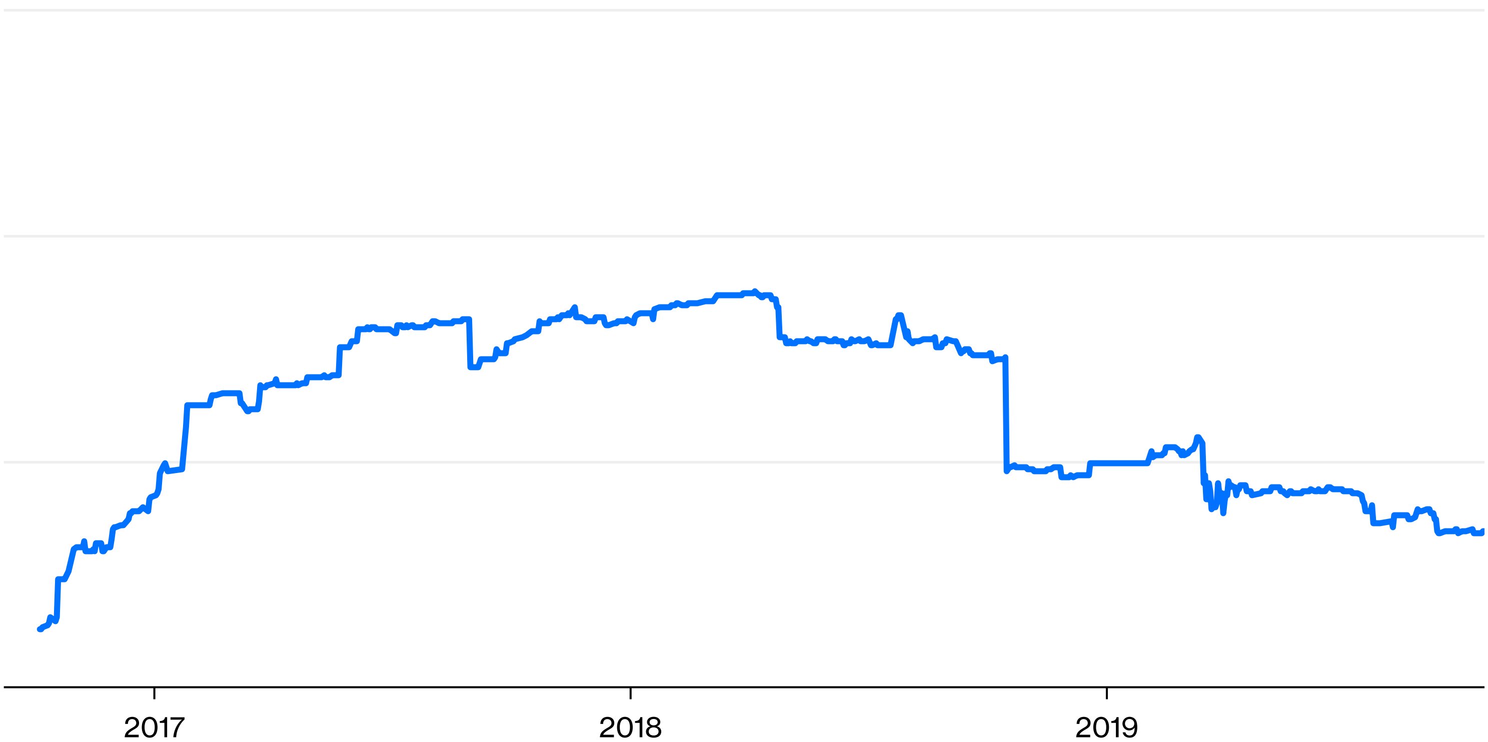


Note: Data are gross domestic fixed investment and not seasonally adjusted.
Source: Federal Reserve Bank of St. Louis

A key tenet of Biden’s “Build Back Better” agenda is the actual building of stuff. The White House’s $2 trillion infrastructure spending plan spans the gamut of repairing roads and bridges, overhauling schools’ air-conditioning systems and investing in domestic factory lines. The goal is to bring about not only needed improvements but also broader economic activity and job creation. Just as an example, air-conditioner makers get parts from a network of smaller suppliers, and if the demand is high enough some of those companies might then need new factories. That means more roads, construction materials, manufacturing equipment, lights and more air conditioners, among other things. If it works, the Biden infrastructure plan will ripple through the industrial supply chain and incentivize companies to boost their internal capital expenditure budgets to meet new demand and invest in a growing U.S. economy. But there’s a cross-current: The White House proposes to pay for this spree with 15 years of higher taxes on corporations. FedEx Corp. and jet-engine maker Raytheon Co. have already warned that higher tax rates and the unwinding of certain beneficial provisions of the Trump administration’s Tax Cuts and Jobs Act would force them to cut, rather than increase, their capital expenditure plans. One way to gauge whether the Biden infrastructure spending plan can offset the impact of higher taxes is to look at whether U.S. businesses invest in a sustained way. A more structural shift can be measured by the extent to which spending on equipment and structures drives the overall economy.

–Brooke Sutherland

Restrictions in U.S. Federal Regulations



Source: QuantGov RegData U.S. Regulation Tracker

THE MOST MEANINGFUL MEASURES OF INCREASES IN FEDERAL regulations come from the QuantGov project, which tracks words like "shall" and "must" that create legal obligations in government manuals rather than merely counting pages. Typically, regulations grow between 1% and 2% a year.

By this standard, President Donald Trump had a light hand. His administration added about 10,000 such restrictions over his four years in office. "That's basically no growth compared to all previous presidents," says Patrick McLaughlin, director of policy analytics for the Mercatus Center at George Mason University and QuantGov's creator.

Starting with a base of 1,089,742 regulations and assuming growth of 1.5% means the Biden administration would add 16,346 rules in a year's time, for a total of 1,106,088.

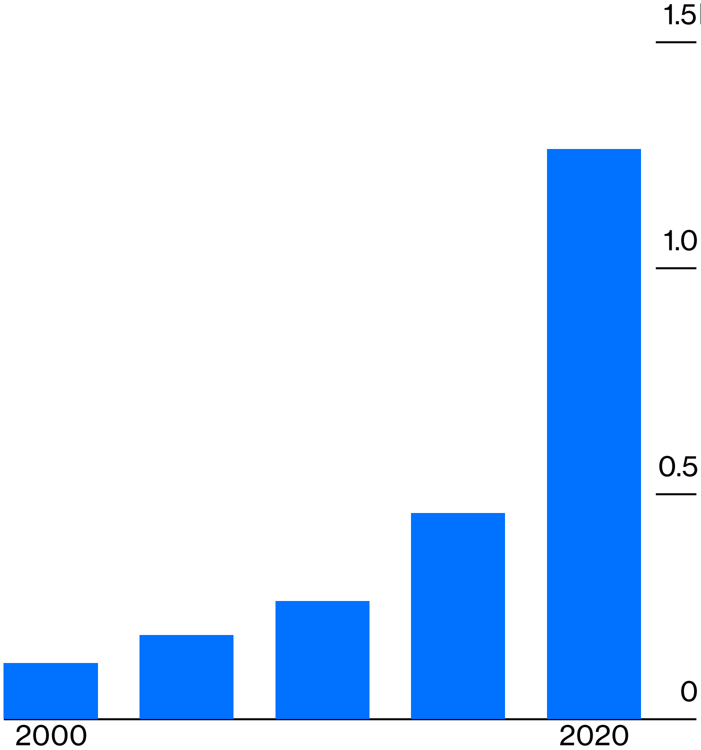
Without an anti-regulatory mandate, President Joe Biden is unlikely to come in below that level of growth. But will he exceed it?

–Virginia Postrel

• • •

Immigration Court Backlog

Case backlog



Sources: Transactional Records Access Clearinghouse (TRAC) at Syracuse University; Department of Justice

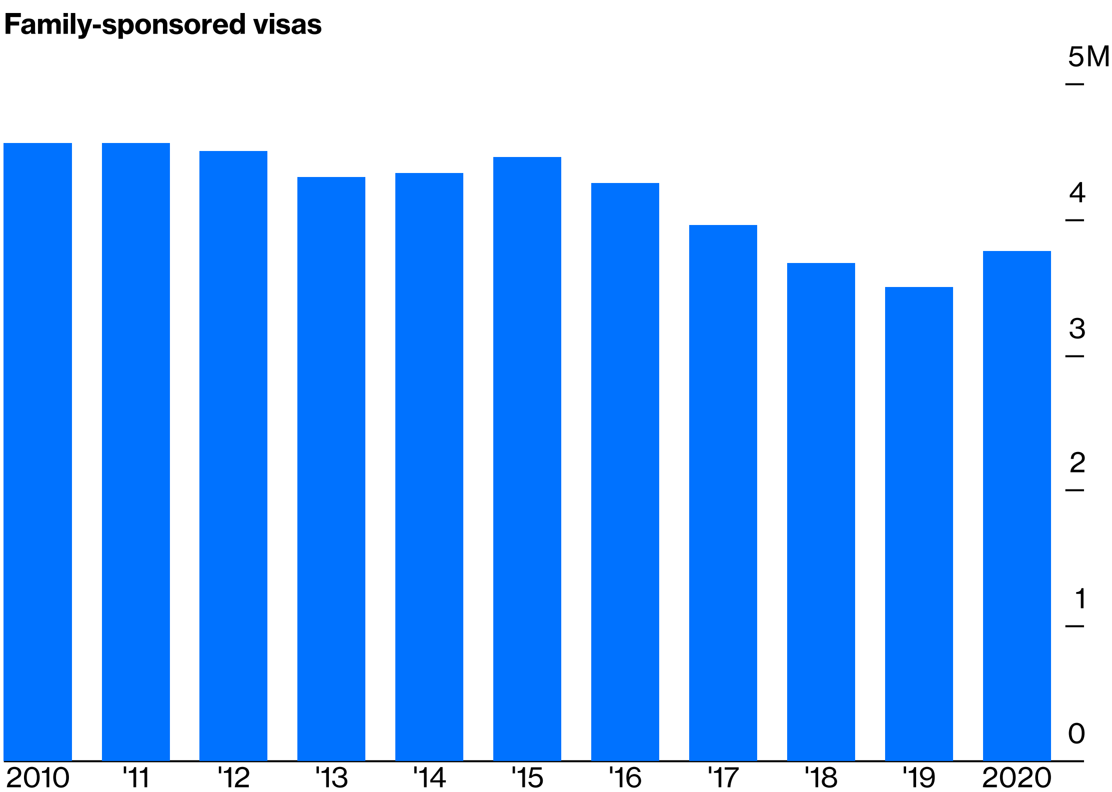
THOSE WHOM THE GODS WOULD DESTROY, THEY MIGHT FIRST appoint as Immigration Court judges: In 2019, one judge in Houston was assigned more than 9,000 cases. That soul-sapping caseload is just one manifestation of the crushing backlog that epitomizes the dysfunctional U.S. asylum system. In the last two decades, the number of pending cases in immigration courts has risen by more than tenfold, from 125,734 in 2000 to 1,308,327 today. The overwhelming majority of those involve requests for asylum by citizens of El Salvador, Guatemala and

Honduras, a continuing influx that has created a crisis at the Southwest border and one of President Joe Biden's biggest headaches.

For many economic migrants or those seeking to rejoin undocumented family members already in the U.S., requesting asylum at the border makes sense: If you pass an initial "credible fear" screening, you'll be released for a court date that could be years off. But with a case on file, you can apply for a work permit after one year. Speedier processing would ensure that legitimate asylum applicants receive protection sooner, and reduce the incentive to abuse the system. That means hiring more judges, improving court administration, and keeping more cases out of the courts by letting asylum officers process them through to completion. But even with such measures, the backlog is likely to endure without comprehensive immigration reform that legalizes the status of many of the undocumented in the U.S. and creates more legal pathways for temporary workers. Good luck with that, Joe.

–James Gibney

Immigrant Visa Backlog



Note: As of Nov. 1 of each year.

Source: U.S. Department of State

THE CRISIS ALONG THE SOUTHERN BORDER AND PRESIDENT JOE Biden's refugee policies make headlines. But green cards, which allow an immigrant to become a permanent resident (and, eventually, a U.S. citizen), are a crucial aspect of immigration policy.

Well-targeted immigration reform would substantially increase the number of highly educated STEM workers in the U.S., potentially igniting economic growth, easing inequality, shoring up the Medicare and Social Security trust funds and helping the U.S. maintain its economic and military advantage over China. More engineers, scientists and medical professionals in the U.S. would not only ease the shortage of workers in those fields, but would also create more demand for all the things those professionals and their families buy, from new houses to yoga lessons.

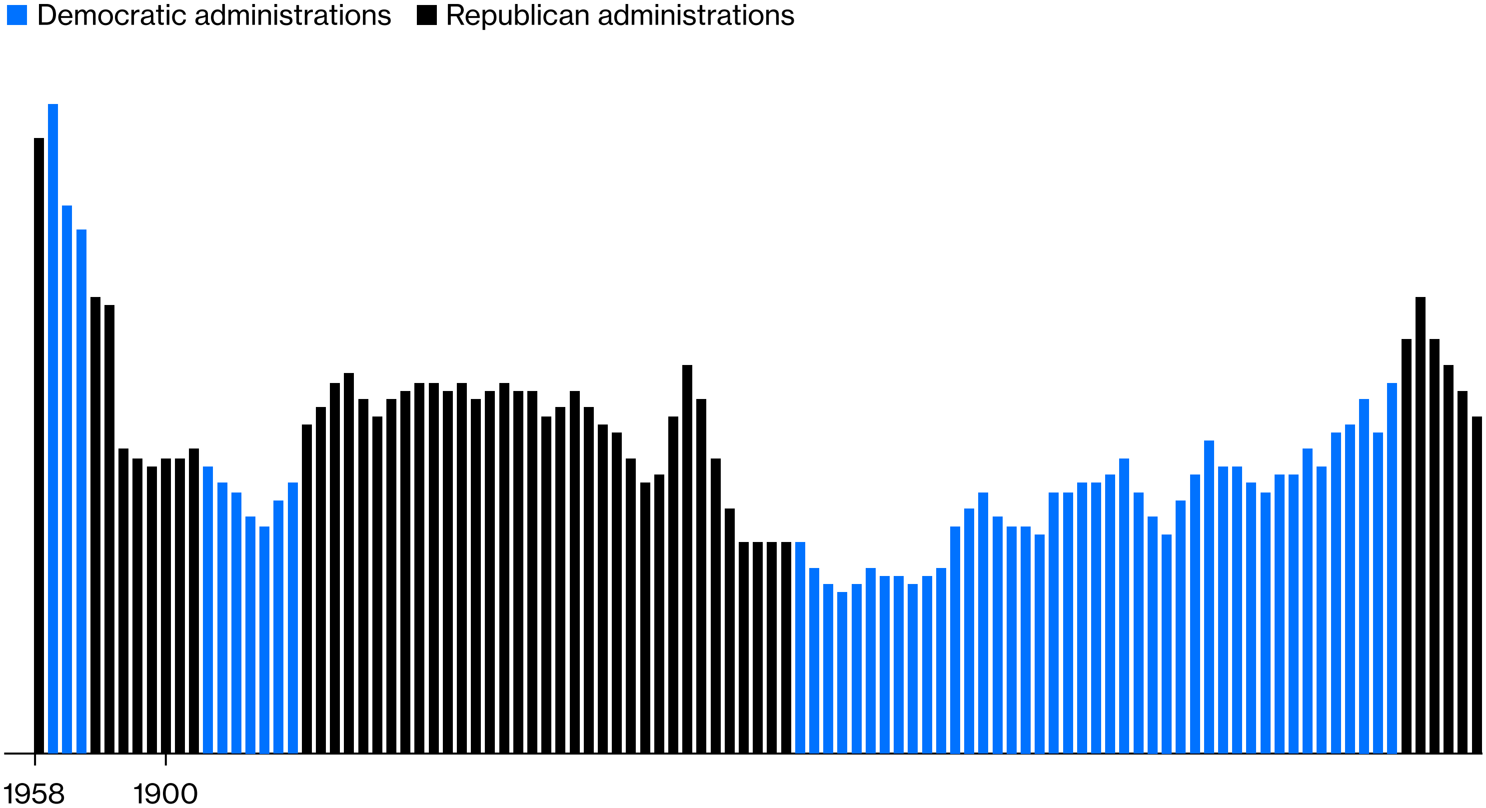
Comprehensive immigration reform, however, is not likely anytime soon. A less controversial way to increase immigration is simply to issue more green cards – or rather, to work through the existing decades-long backlog of applicants.

The last three presidents, including Donald Trump, promised to get more applicants through the system. But the number of green cards issued annually has barely budged for nearly 20 years. One way the Biden administration can show it is serious about immigration reform is to substantially reduce this backlog.

–Karl W. Smith

• • •

Trust in Government

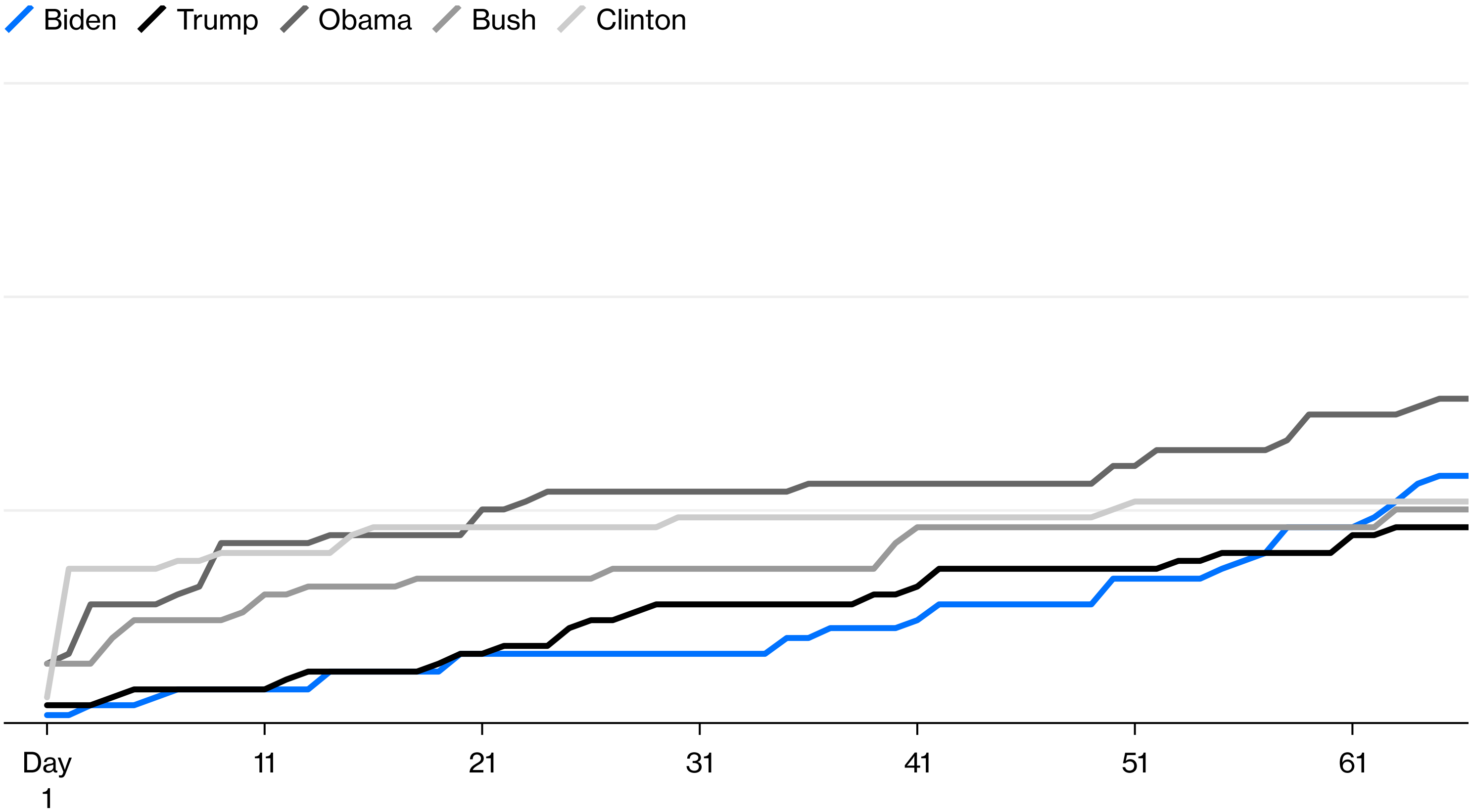


Note: Data are three-survey moving averages based on surveys by Pew, National Election Studies, Gallup, ABC/Washington Post, CBS/New York Times and CNN polls.
Source: Pew Research Center

SINCE THE 1950S, POLLSTERS HAVE BEEN ASKING AMERICANS whether they trust the federal government to "do the right thing" most or all of the time. How voters answer this question over the next four years will define Biden's legacy. He has made it clear that he hopes to move us beyond the conventional wisdom, which Ronald Reagan summarized 40 years ago: "Government is not the solution to our problem; government is the problem." In his first prime-time address, Biden instead asked listeners to "put trust and faith in our government to fulfill its most important function, which is protecting the American people." Yet trust has taken a beating during his long career in the U.S. Senate and the White House. It now sits around 20%. Even the military, which retained people's trust, has registered significant declines in the past four years. If Biden can restore Americans' faith in government, his presidency could be as consequential as Reagan's.

–Stephen Mihm

Senate Confirmations



Note: Day 1 starts Jan. 20.
Source: Partnership for Public Service

PERSONNEL IS POLICY, WHICH MEANS THAT PUTTING THE RIGHT people in place is essential. The Biden administration is beating its predecessor by that yardstick, but that's not saying a lot.

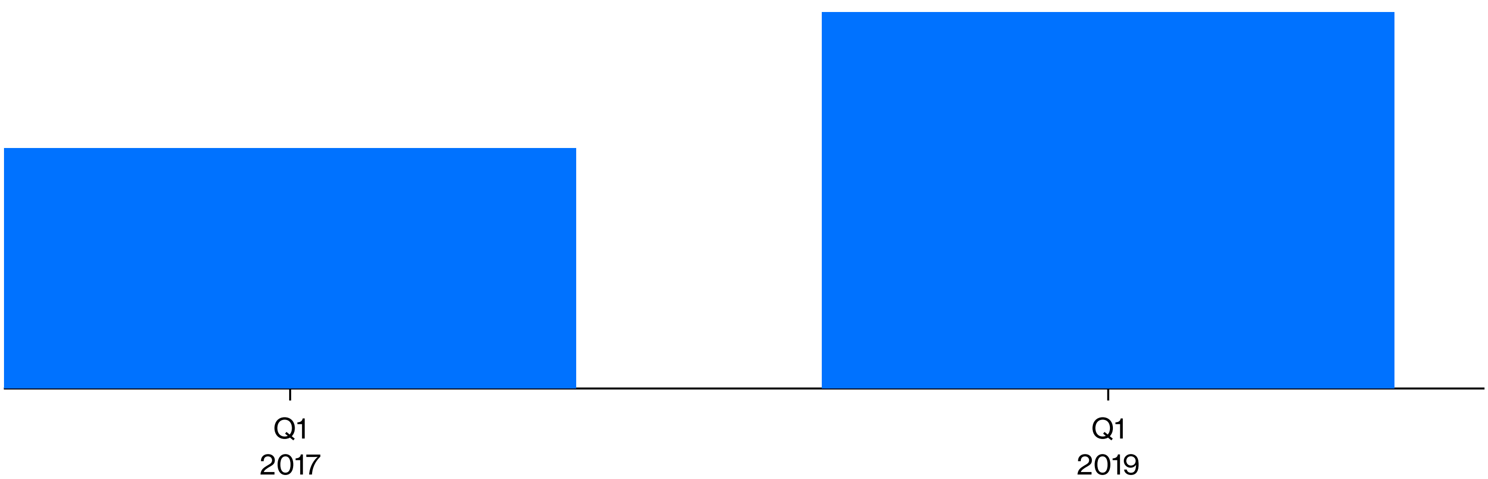
Of the more than 1,200 positions requiring Senate confirmation, Biden had 36 advisers in-place as of April 27, just shy of the 100-day mark. Biden's record looks better when one recalls that Trump shamefully stalled the transfer of power even before he incited an insurrection. But it's well below Barack Obama's. Hundreds of key foreign policy positions remain unfilled.

This isn't Biden's fault: It mostly reflects the limits of the Senate calendar, as well as the difficulty of navigating a political landscape where the rough treatment of nominees, by Democrats and Republicans, has become more common. But moving forward, Biden's ability to fill these positions will not only set the pace for policy implementation; it will also serve as a barometer of bipartisanship, as senators weigh the administration's goals and the nominees' qualifications.

Especially in the realm of national security, too many empty chairs can lead to strategic drift. It can delay consideration of key issues, as happened with the threat of terrorism in 2001. And it can leave the administration understaffed in the inevitable first-year crises, such as a Russian military buildup near Ukraine, continuing Chinese provocations vis-à-vis Taiwan, or escalating violence and repression in Myanmar. Getting a full national security team in place takes time. For a global superpower, though, it just shouldn’t take so much.

–Hal Brands

Contributions to ActBlue



Source: ActBlue

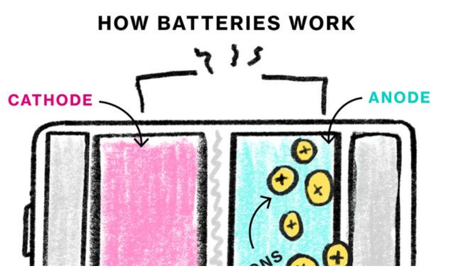
MIDTERMS AREN’T REALLY A “REFERENDUM” ON THE PRESIDENT. They’re more like a piñata at a party for the opposition – a chance to get some licks in while the other side is lazy and complacent. Since 1938, the president’s party has added House seats in a midterm election only twice – in 1998 and 2002. Losing – often losing big – is the norm even for two-term presidents.

So Democrats will need to exhibit unusual enthusiasm to keep control of the House and keep Joe Biden’s nominations and policy on track in the Senate. I’ll be looking at the Democrats’ online fundraising engine, ActBlue, for clues. The first is surprisingly positive: ActBlue this month reported that the first quarter of 2021 was its best first quarter of any election cycle. The group raised $314 million from 2.6 million donors. Even a flood of ActBlue donations may not be enough to keep the GOP from winning Congress; history is decisively on the Republicans’ side. But without the high energy indicated by plentiful giving, Biden’s first term is all but certain to stall after two years.

–Francis Wilkinson

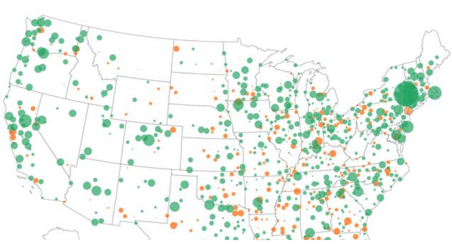
To contact the editor responsible for this story: James Gibney at jgibney5@bloomberg.net

More On Bloomberg



APRIL 27, 2021

How Batteries Work: Inside The Batteries Powering Your Car, Phone and More

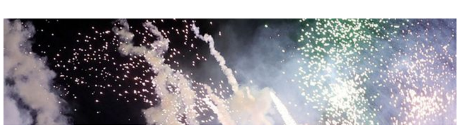


APRIL 26, 2021

More Americans Are Leaving Cities, But Don't Call It an Urban Exodus

APRIL 23, 2021

The First Billion Doses



APRIL 21, 2021

Hold on, Taylor Swift: Justin Bieber Is the

Biggest Pop Star in the World